



Isle of Man

International Business School

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Lean Service – What is it?

Isle of Man organizations are at a crossroads. Increased globalization and improved communications, through the internet, provide both opportunities and threats. Threats come from outsourcing processes to lower cost jurisdictions. Opportunities come from the potential of bringing 'onshore' higher value add processes from other jurisdictions.

In order to succeed, organizations need to ensure that their processes are as productive as possible, by eliminating waste, to counter the lower cost outsource argument. By becoming more productive and changing processes to become very flexible, organizations can position themselves to shift higher up the value add service proposition.

The problem is that it is difficult to see waste in office processes because everything happens behind a computer screen. However, waste in office processes is very costly. The good news is that the same "Lean" tools that have been used successfully in manufacturing can be applied to office processes. Indeed, manufacturing companies have found that 90% of waste elimination opportunities are in their office processes.

So what is Lean Service?

Well, Lean Service combines two very important elements.

1. The first is Service, which focuses on ensuring that we are constantly delivering value for our customers. To do this we define value from the customers perspective;

A vital component of customer value involves understanding real customer demand. As much as 40% to 90% of customer demand can be failure demand created by the failure of the existing processes.

How can the organization create value for the customer? To answer this requires a detailed understanding of the 'value stream' of the organization.

These are the specific actions that are carried out to deliver the end product or service 'purchased' by the customer.

2. The second is Lean thinking, which designs and manages the whole process for delivering customer value backwards from the customer. The key aim is to use less waste in our processes;

Waste will creep in at many stages in our processes. Some of this waste will be instantly recognisable from the 'value stream' process map, but most of it will be 'locked in' to the process by the current technology or way of providing the service.

We need to be creative in our application of lean transformation techniques to eliminate this waste.

Lean Service has the objective of improving capability in 3 key areas;

- Understanding what customers really want, including real demand.
- Applying Lean operations waste elimination principles, first developed in manufacturing, to the processes of service companies.
- Implementing right first time quality improvement techniques to reduce variability.

Financial Services companies that have started to implement Lean Service principles into their processes and are reporting significant benefits in improved process productivity and in the service experienced by their customers.

The IBS will be running a Lean Service Course, (October 3rd, 4th, 5th, 10th and 11th), at the Business School to provide a methodology for using lean principles to improve the productivity, flexibility and customer service of key processes. The overall objective is to enable IOM organizations to improve their productivity and customer service to compete with the potential threat of outsourcing operations to lower cost jurisdictions.

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